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United States Department of State

Washington, D. C. 20520

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January 26, 1983

BRIEFING MEMORANDUM
S/S

RELEASED IN PART
B1,A5

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TO: The Secretary
FROM: EA - Paul Wolfowitz *PW*
SUBJECT: Your Meeting with Vice Premier Wan Li,
11:15 A.M., February 3

I. YOUR OBJECTIVES

1. Recap your visit to date.
2. Stress the international and bilateral importance of good US-China relations (Talking Points attached).
3. Discuss our desire to expand US presence in China as part of the overall expansion of the relationship and as a reciprocal aspect of expanding Chinese presence in US, which we also support (Talking Points attached).
4. Make a frank presentation on the problems we encounter in our expansion and seek the Vice Premier's help in attaining our goals (Talking Points attached).

II. SETTING

When this memorandum was completed, we lacked a final schedule for your visit and did not know whether you would have a call on Wan Li or possibly a call on China's other Vice Premier, Yao Yilin. In either case, the meeting is not likely to be long. We have therefore structured the presentation to focus on the most important issue we want you to cover--the need to expand US presence in China and the problems surrounding this process. In the event the meeting turns out to be longer than we presently expect (thirty to sixty minutes), you might also want to present your views on the global economic situation.

Wan Li is one of two Chinese Vice Premiers and one of China's top economic decision-makers. Since early 1981, Wan has headed a State Council working group which oversees the implementation of national economic policies and arbitrates

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disputes over the allocation of resources; but he appears also to have some foreign affairs oversight responsibilities. His working association with Deng Xiaoping dates back to 1950, and he is currently one of Deng's most effective political troubleshooters. Wan has also worked closely with Hu Yaobang.

It is far less likely you will see Yao Yilin. Another Deng protege whose career has paralleled that of his mentor, Yao is more internally-focused than Wan, but nevertheless has extensive background in foreign affairs through his past work in the foreign trade establishment. His primary concern is in economic planning, where he favors the encouragement of joint ventures, both for their contribution to the modernization process and as a means of acquiring badly needed foreign exchange. Yao is also regularly involved in the highest levels of political decision-making.

[REDACTED]

In either case, you should propose that the individual with whom you meet set up direct personal communication with Ambassador Hummel on the physical facilities problem. If Yao is scheduled; you might indicate that we hope to be back in touch with either him or Wan Li on this problem.

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III. PARTICIPANTS

US

The Secretary
Ambassador Arthur Hummel
EA - Paul Wolfowitz
PA - John Hughes
PM - Jonathan Howe
NSC - Gaston Sigur
EA - Thomas Shoesmith
S/S - Charles Hill
DCM - Charles Freeman
EA - William Rope
Ms. Vivian Chang (translator)
(Two notetakers from the Embassy)

China

Vice Premier Wan Li
Others to be designated

IV. PRESS ARRANGEMENTS

There will be a photo opportunity at the beginning of your meeting.

Drafted: EA/C:SMYoung:RABoucher

Cleared: EA/C:RHHowarth:WRope
EA/EX:EPolmon
EA:TShoesmith

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V. DISCUSSION OF OBJECTIVES

Stress the international and bilateral importance of good US-China relations.

As an introduction to discussion of the problem of physical facilities to accommodate the expanding US presence in China, you may wish to touch briefly on one of the major themes of your trip, the promotion of good bilateral relations.

-- The US-China relationship is of prime importance to the global interests of our two countries.

-- This visit, and the extensive preparations that went into it on both sides, demonstrates that we regard good bilateral relations to be in our mutual interest.

-- US and China share many common global objectives. Better ties enhance our common ability to promote peace and stability in East Asia, and throughout the world, and to counter the forces of aggression and expansion.

-- Since normalization of relations, we have built a dialogue on strategic issues between our two countries and have enjoyed a tremendous expansion of bilateral contacts and ties. Our long term relationship should include close political cooperation as well as expanded economic exchanges.

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Discuss our desire to expand US presence in China as part of the overall expansion of the relationship and as a reciprocal aspect of expanding Chinese presence in US, which we also support.

Ever since we established Liaison Offices a decade ago, our expanding relationship with China has been paralleled by an expanding physical presence in both our countries. This is a natural development and should be encouraged by both sides on a reciprocal basis.

-- We want to participate, through China's "open door" policy, in your ambitious modernization program. Chinese modernization goals are very compatible with the capabilities of American companies, particularly in development of such basic sectors as energy and transportation and in the technical and managerial transformation of enterprises to modernize their production methods, or to develop new projects.

-- Chinese development along these lines will inevitably bring many U.S. firms to China as well as many Chinese to the United States for training, study, and business. The fruits of these exchanges will increase the living standards of the Chinese people and allow China to play a larger role in the world.

-- The number of USG personnel working in China has expanded in the past decade from a dozen persons in Beijing to one hundred and fifty employees in three cities. With the opening of three additional Consulates already planned, this number will climb to two hundred over the next three years. This growth reflects the increasing importance and complexity of our bilateral relations, and ensures that we can continue to meet the demands of expanded US-China friendship:

-- At the same time, your presence in the United States has expanded to include nearly three hundred persons working in your Embassy and three fully functioning Consulates in San Francisco, Houston and New York City. You have plans to open additional Consulates in Chicago and Honolulu in the next few years as part of our reciprocal exchange for Chengdu and Wuhan.

-- Our ability to carry out an expanded bilateral relationship hinges on acquiring adequate physical facilities in both our countries. It is important to observe reciprocity in terms of what is available to each side.

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Make a frank presentation on the problems we encounter in our expansion and seek the Vice Premier's help in attaining our goals.

While recognizing that China--and particularly her major cities where we have located our missions--has pressing development needs, it is nonetheless essential that our housing and office facilities match the steady expansion of our bilateral relationship. We have tried to work within the existing system, but have found our progress in this area slow and fraught with bottlenecks.

The idea of Vice Premier Wan Li's serving as a direct liaison with our Chief of Mission on such issues was raised several years ago when President Carter visited China. For a variety of reasons this idea was not pursued. Your visit to China offers us the opportunity to raise this issue once again. An official of Vice Premier Wan's stature could reduce or eliminate delays and provide results otherwise beyond the reach of either our Embassy or the Foreign Ministry.

-- One of primary obstacles to increasing our working-level presence in China continues to be the lack of adequate housing in our mission locations. Two concrete examples of unevenness of development are Guangzhou and Shenyang. In Guangzhou, our mission has been open for four years, yet our people are still waiting to move out of temporary quarters. We agreed two years ago to allow you to open your Consulate General in New York in expectation of speedy reciprocal action in Shenyang; but ground has yet to be broken for our mission there. Earlier, lack of cooperation from your provincial authorities played major part in this delay.

-- If we continue to encounter difficulty in managing our presence in your country, it will inevitably affect our ability to accommodate your presence in the US.

-- Realize our Foreign Ministry friends are trying to work with us on these problems, but sometimes even they are unable to resolve smoothly problems involving other government offices, particularly when provincial authorities are involved.

-- Know your central government is grappling with problem of dealing with a large bureaucracy and that you have been a leading figure in movement for bureaucratic reform. Therefore, my hope is that you could take interest in helping us overcome obstacles and achieve goal of expanding our presence in China expeditiously and on fair, reasonable and practicable terms.

-- I understand President Carter raised possibility several years ago of establishing direct link between you and our Charge in Beijing to work on procedural problems of housing and office facilities in China. I suggest we now establish regular line of personal communication between Ambassador Hummel and you to work on these problems together. I plan to mention this again when I meet with Premier Zhao.

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